

Producer understands and agrees that LOL does not warrant any specific level of performance. Any performance levels utilized in these examples are for purposes of illustration only.

- C. Adjustment for Multiple-Sourced Lots: LOL will pay Producer \$.15 per head delivered for Lots in which pigs were delivered from more than one source. Payment shall be postmarked within 14 days after the Lot has been closed.
- D. Deduct for Inventory Shortages: Producer shall be liable for 100% of any inventory shortages. LOL will deduct the value of any missing inventory from the Producer's compensation payment. Inventory value will be computed at the greater of cost or market for a 240 pound hog at the date the shortage is discovered.
- E. Deduct for Late Cleaning: Producer shall clean and disinfect the Facilities in not more than four (4) days after a Lot has been removed. Failure to comply shall result in a deduction from the quarterly base payment next due of 1/365th of the annual base payment for each late day multiplied by the affected capacity.
- F. In the event of a tornado, fire, wind and or such other casualty which would prevent use of the Facilities, payments shall cease until the Facilities are repaired.

C. OBLIGATIONS OF PRODUCER

Producer's obligations shall include, but not be limited to, the following:

1. Equipment, Facilities, Utilities and Other Inputs

Producer shall provide satisfactory facilities and equipment and shall be responsible for the maintenance and repair thereof. Producer may modify or make additions to the Facilities only with the prior approval of LOL.

Producer's equipment shall include, but not be limited to, LOL-approved loading chute, power washer, water medication equipment, syringes, hog handling equipment, automatic sprinkler systems, heaters, manure handling and removal equipment, high/low